

Maine's Workforce though 2019

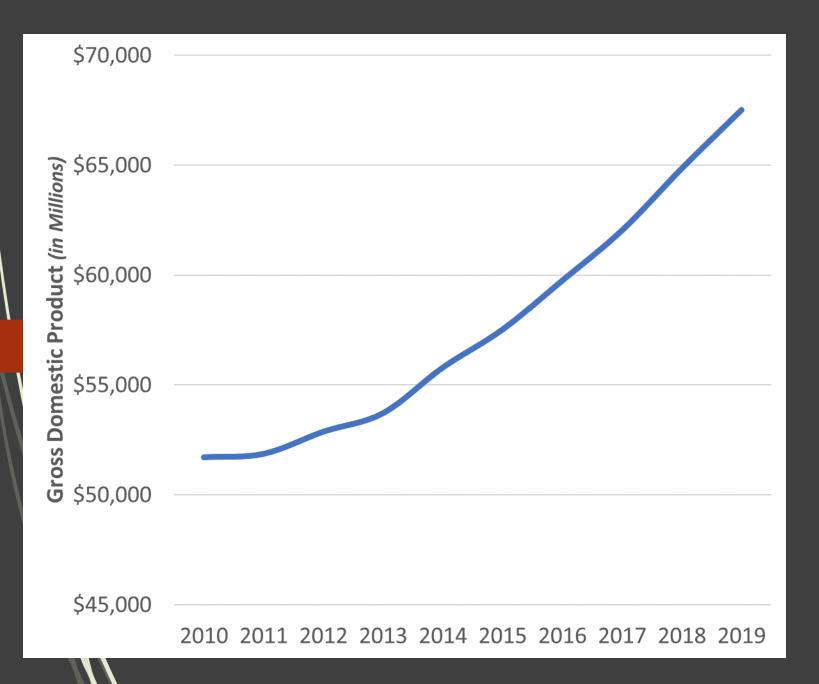
Annual Conditions Report

Statewide labor market conditions

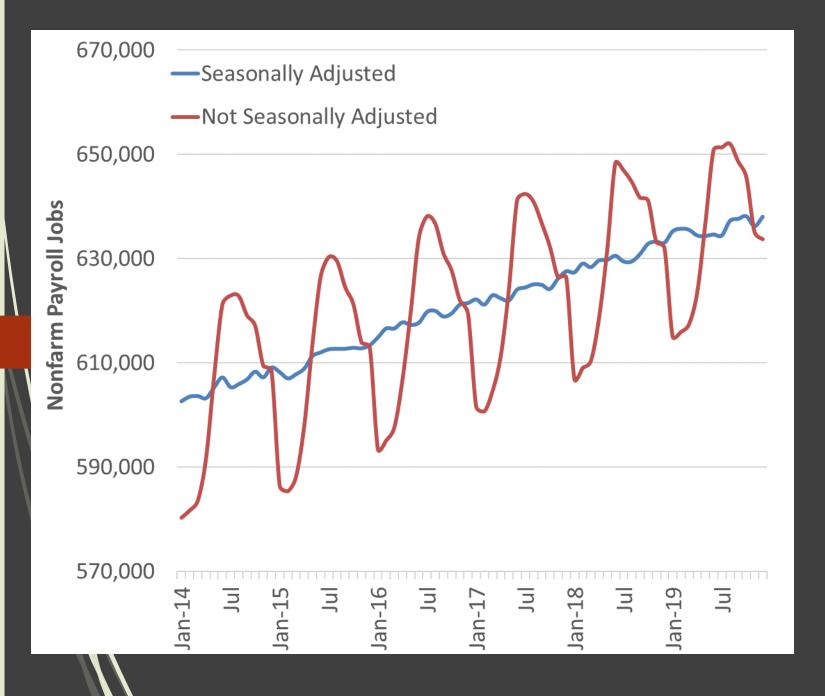
Workforce conditions in Maine were very tight with historically low unemployment in the four-year period through the beginning of 2020. The COVID-19 pandemic caused record job losses in the spring and the recovery is underway in the latter part of this year. This annual workforce report is for the period through 2019, as many of the datasets used are not yet available for 2020.

Statewide labor market conditions

Throughout 2019, conditions in much of Maine were favorable. The size of the economy and the number of jobs continued to reach new highs, and unemployment and other measures of labor market slack remained at or near all-time lows. These tight labor market conditions provided a positive environment for individuals with high numbers of job openings and rising wages, but they were a challenge for employers, who faced a competitive environment in which to attract and retain talent.

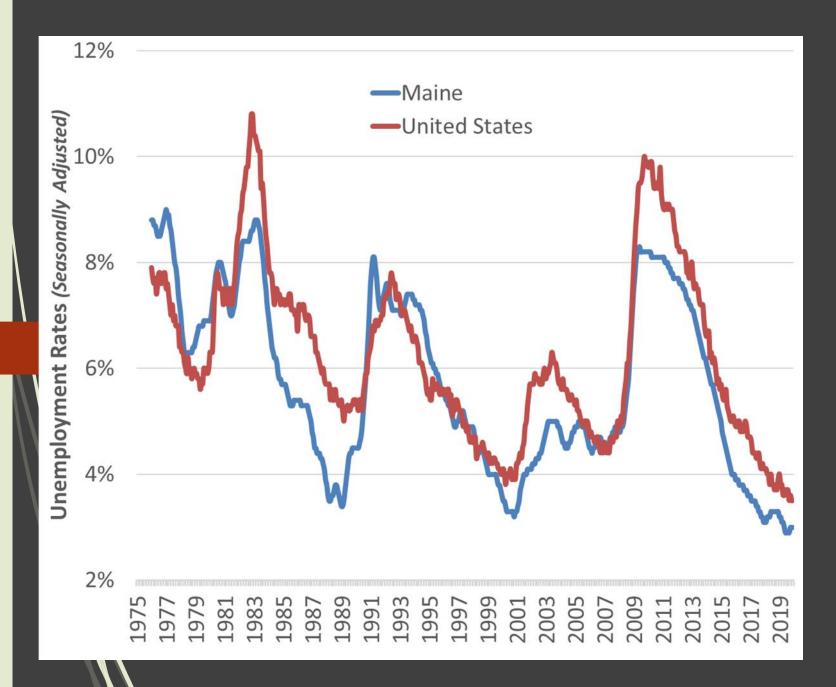


The economy continues to grow. Total output, measured by gross domestic product, has increased at an accelerating rate in recent years. GDP in Maine reached \$67 billion in 2019.

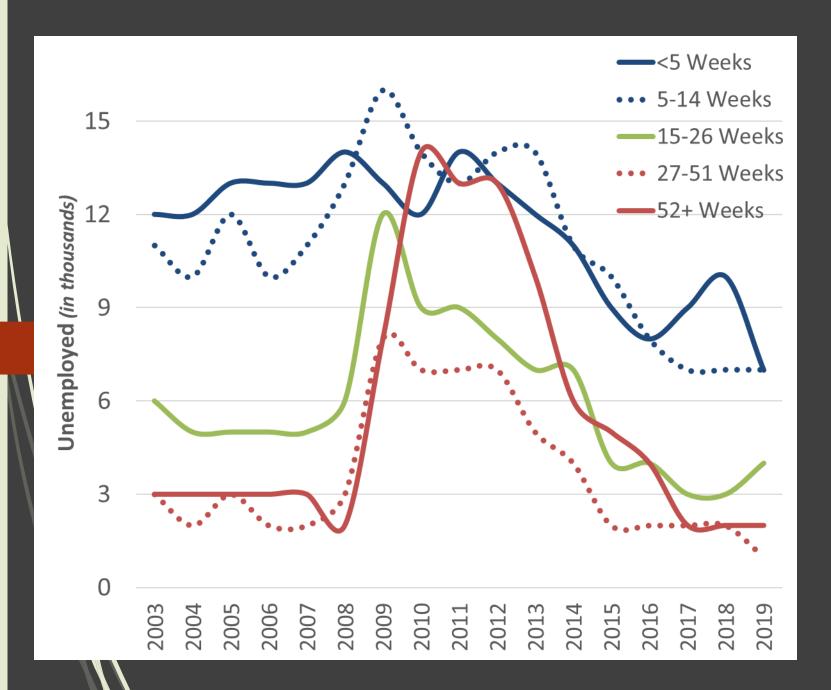


Economic growth is creating jobs. The number of nonfarm wage and salary jobs steadily increased through the end of 2019.

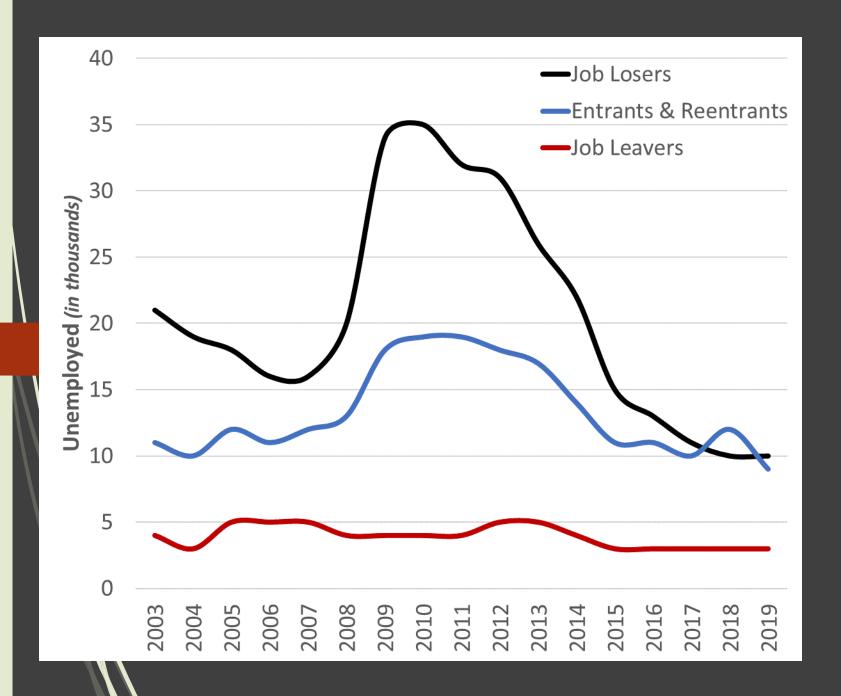
Maine has larger seasonal swings in jobs than the nation and nearly all other states. This is primarily due to the large number of jobs associated with the influx of summer tourists, combined with the seasonal exodus of many retirees, and lower levels of construction and some other activities during the winter.



The statewide seasonally adjusted unemployment rate was below 4% each month from the beginning of 2016 through early 2020, the longest period on record. Unemployment was close to 3% throughout 2019.

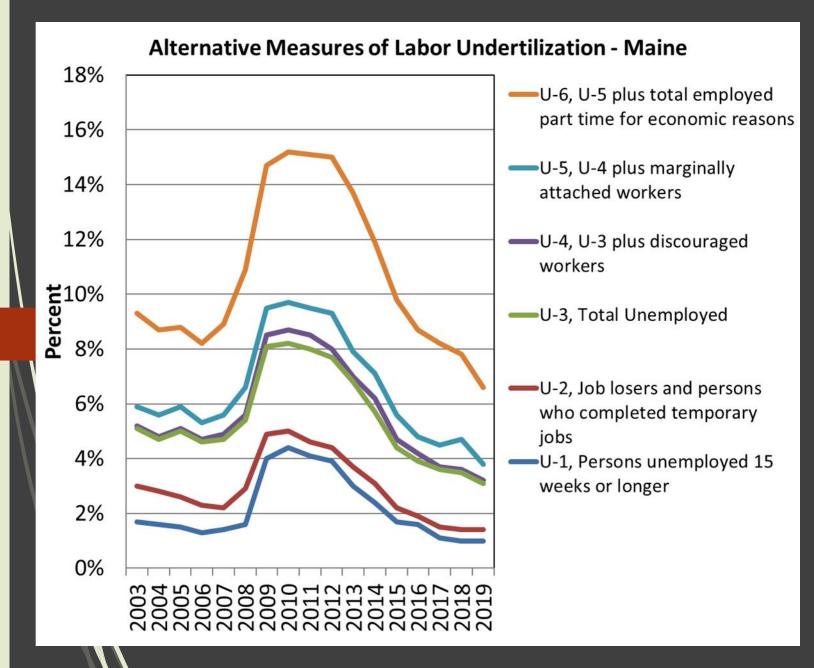


As the economic expansion has advanced, the number of long-term unemployed (more than 26 weeks) has come down sharply. The number of shortterm unemployed is now lower than prior to the decade-ago recession.

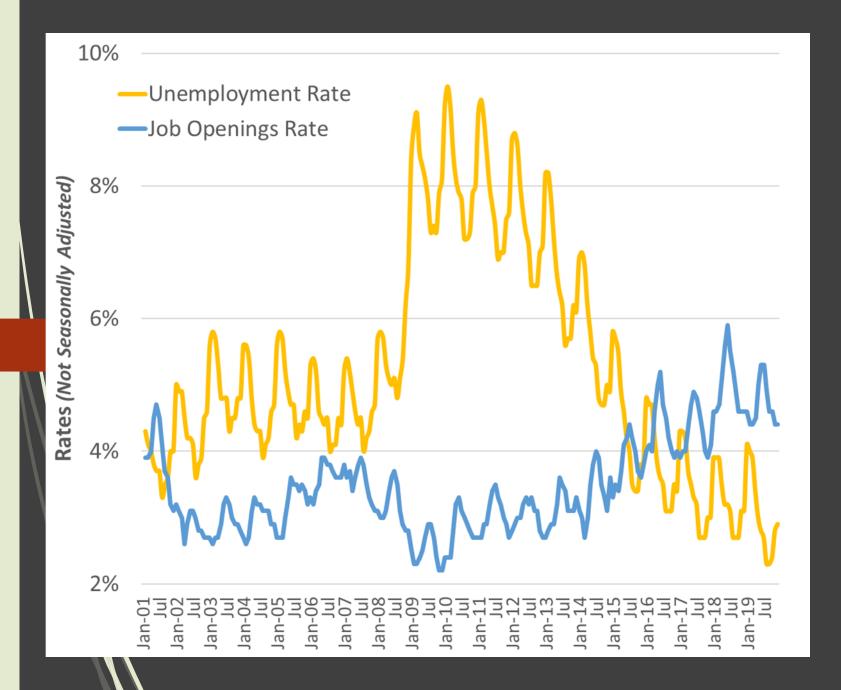


A primary factor driving unemployment to historic lows was a sharp reduction in the number of people who lost their job. According to 2019 estimates the number of workers who were unemployed due to job loss was similar to the number of workers who were unemployed due to entry and reentry into the labor market.

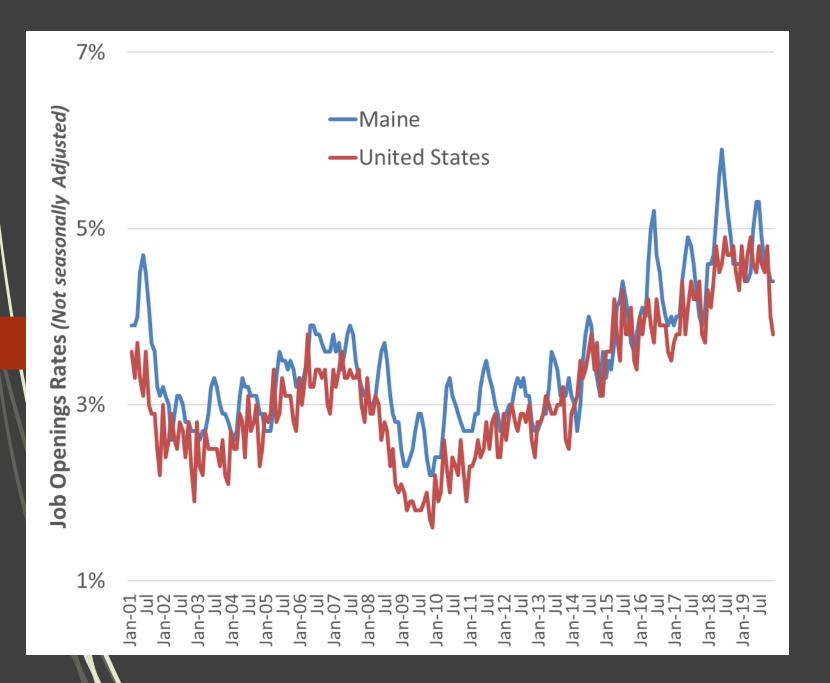
(Unemployed people are those who are both engaged in work search and are available to work – they are considered to be in the labor force. Retirees, full-time students, inmates, homemakers and others who are not employed and are not searching for work or are not available to work are not considered to be unemployed – they are not in the labor force.)



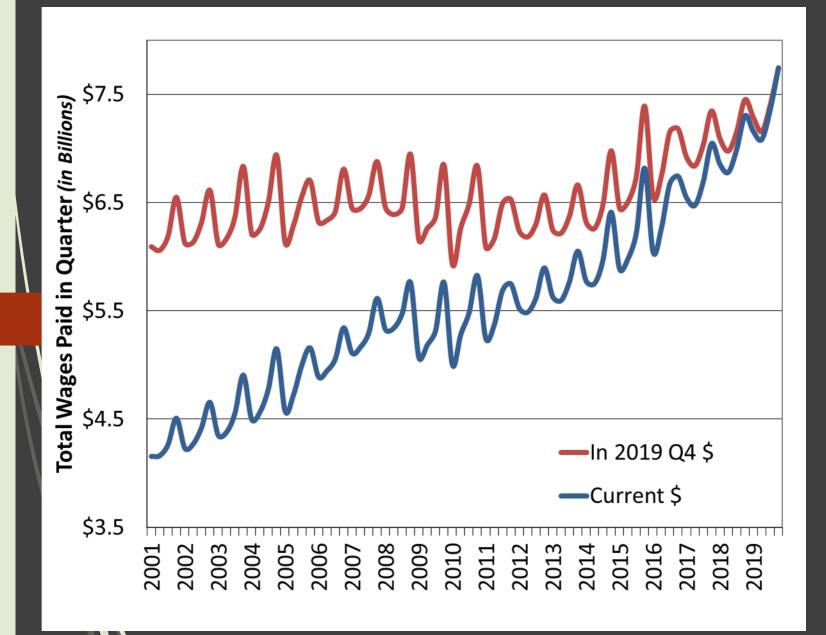
The unemployment rate is one of six measures of labor underutilization. In 2019, most were at or near the lowest on record and were lower than comparable U.S. rates. By any measure, labor market conditions were unusually tight in 2019.



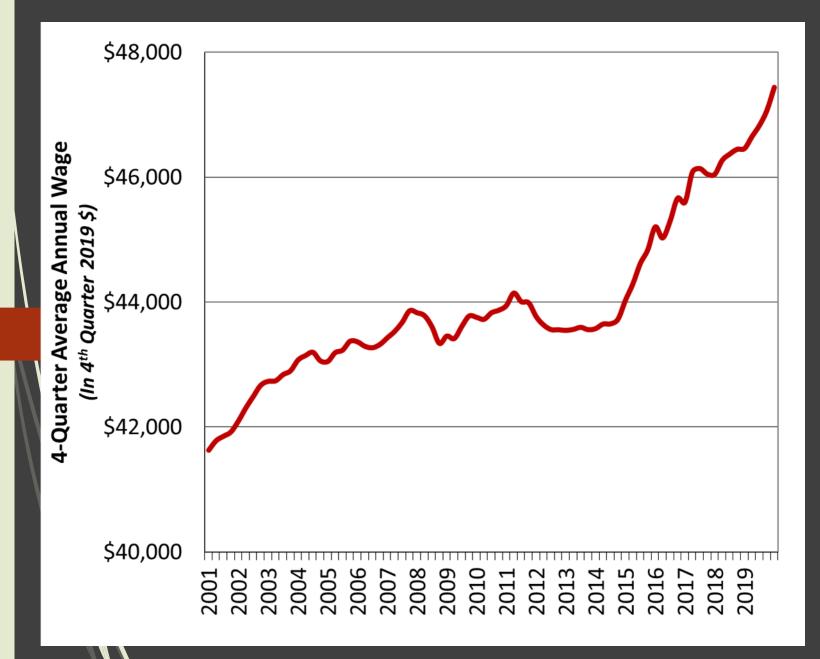
Another indication of tight labor market conditions in 2019 is the high job openings rate. Job openings are inversely correlated with unemployment. In the last three years, when the unemployment rate has been historically low, the job openings rate has been the highest since at least 2001.



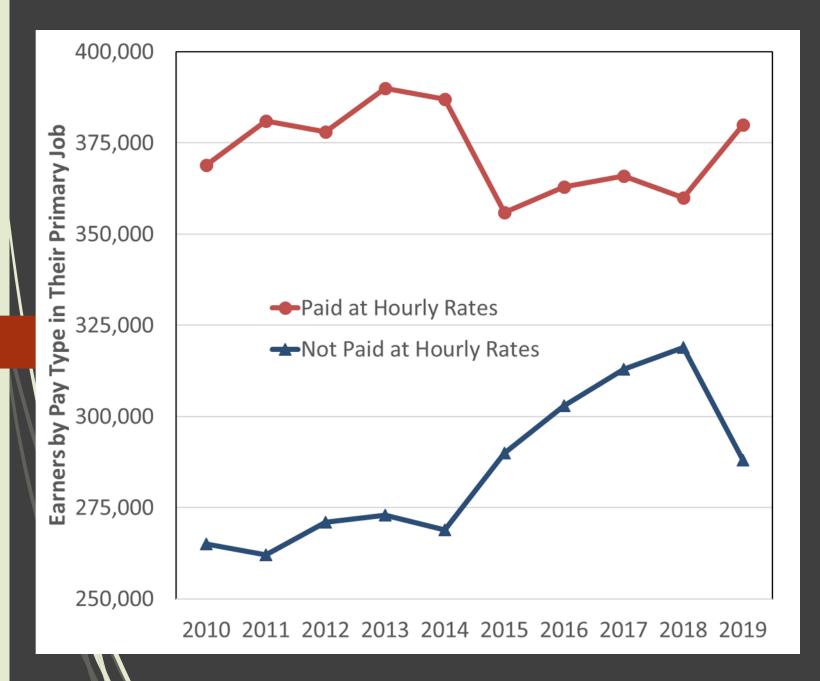
Despite little change in the size of Maine's labor force, the job openings rate is not significantly different from the national rate. The size of the labor force in Maine is well-aligned with the population. The staffing challenges that some businesses have faced stem from the strong economic conditions that have driven unemployment to historic lows.



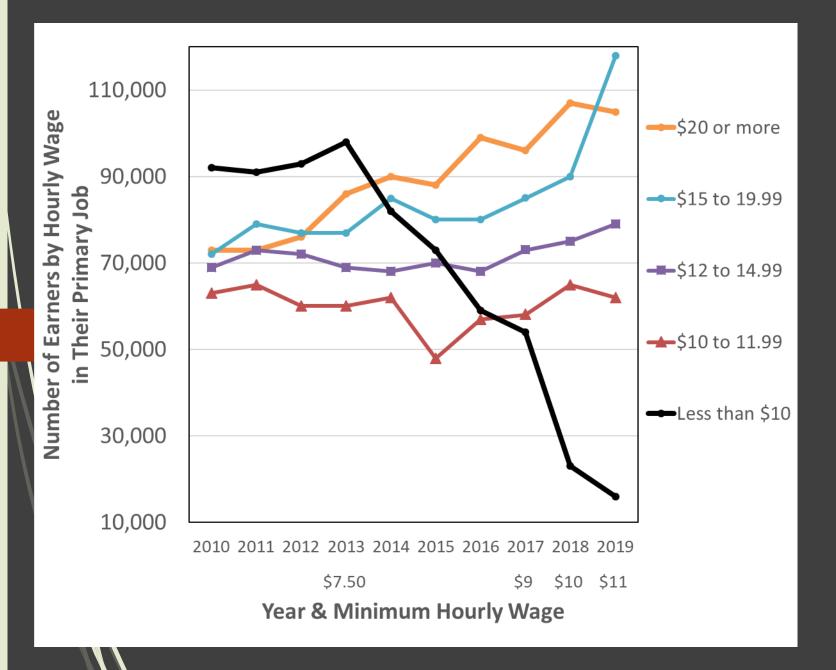
Along with the size of the economy and jobs, total wages paid continued to rise. After adjusting for inflation, in the last four years wages paid increased at the fastest rate in decades. A total of \$29.3 billion was paid to wage and salary workers in Maine in the 12 month period through December 2019.



The tight labor market continued to drive wages up in 2019. Over the last four years the average wage paid in Maine increased at the fastest rate in decades, after adjusting for inflation. In the 12 months through December 2019 the average wage per job reached \$47,400.

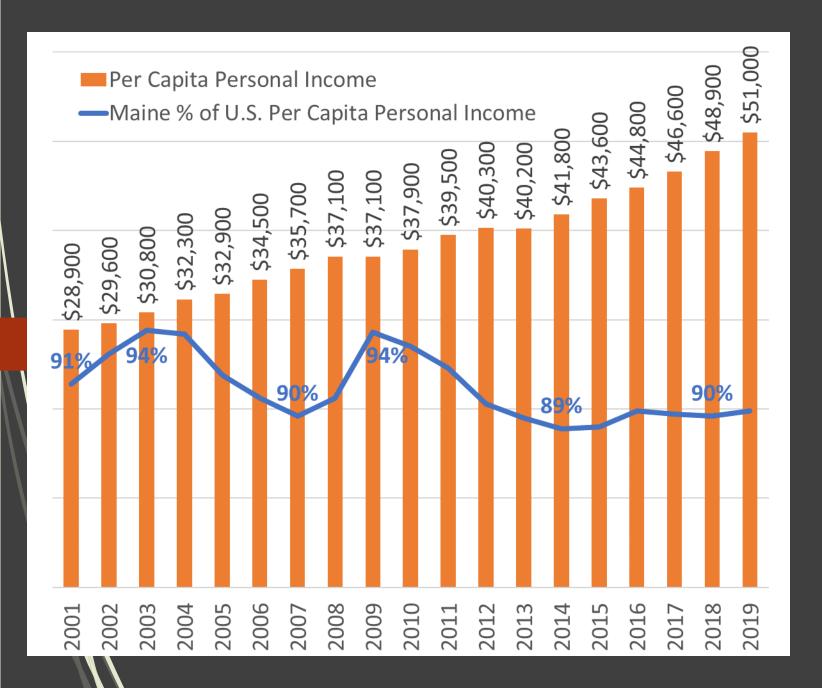


For most of the period between 2010 and 2019, the share of workers that are paid salary, commission, or through another nonhourly arrangement increased. In 2019, 57% of workers were paid at hourly rates in their primary job.



The rise in average wages reflects gains not only among higher-earning salaried and commission-paid workers, but also among the lowest paid hourly workers. Among those paid hourly in their primary job, the number earning less than \$10 per hour began to decline sharply after 2013 as the labor market began to tighten. The increased minimum wage also contributed after 2016. Since 2015 the largest increase was in the number earning \$15 or more per hour.

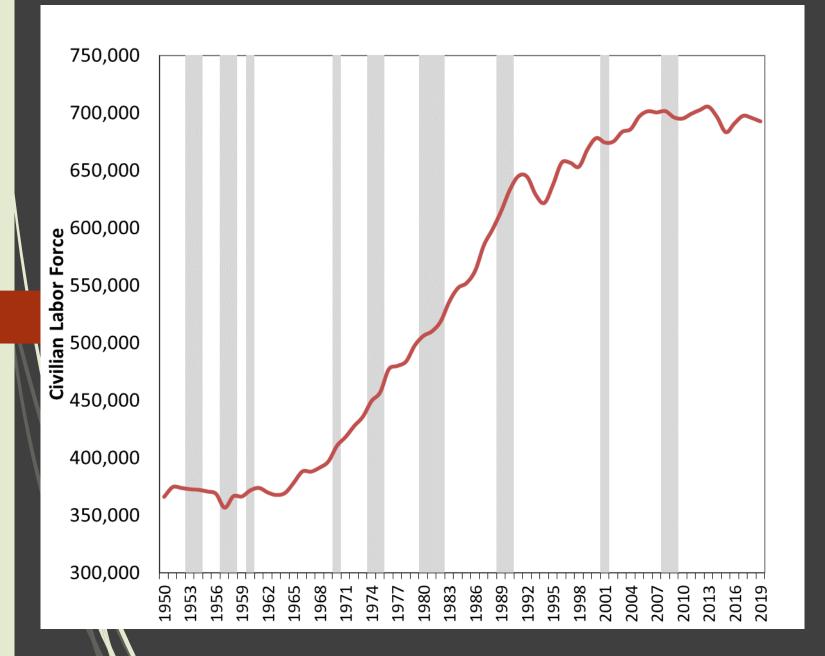
(Maine's minimum hourly wage increased from \$7.50 to \$9 in 2017, to \$10 in 2018, to \$11 in 2019, to \$12 in 2020. Going forward, Maine's minimum wage will increase with the price level on an annual basis)



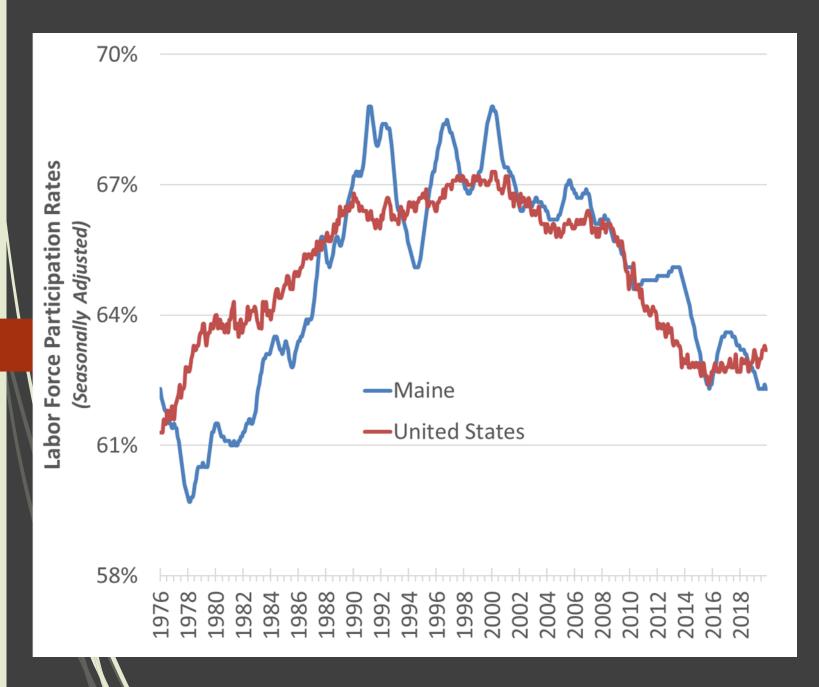
Per capita personal income has steadily increased. Over the last two decades, per capita income in Maine relative to the nation was higher in the two recessionary periods (early 2000s and 2008 & 2009) than it was during expansionary periods. That is because the downturns were not as deep here as in much of the country. For the last eight years, per capita income in Maine was close to 90% of the national level.

(Per capita personal income includes all sources of income – earnings from work, dividends, interest, rent, and transfer payments – divided by all people in the state, including children, and retired people, as well as those who are working or of working-age.) Labor force participation

The labor force participation rate has declined in Maine for nearly 20 years and the size of the labor force has not changed appreciably in 14 years. The primary reason labor force participation has declined, and is expected to continue to do so, is the advancing age structure of the population. Labor force participation rates have also decreased in areas of the state where the economic base has eroded and fewer opportunities are available in the local labor market.



The size of the labor force in Maine increased sharply from the mid-1960s through the 1980s as large numbers of baby boomers reached working-age. Growth slowed in the 1990s and early 2000s as fewer young people reached working-age. Since 2005 the size of the labor force has not changed significantly, remaining close to 700,000.



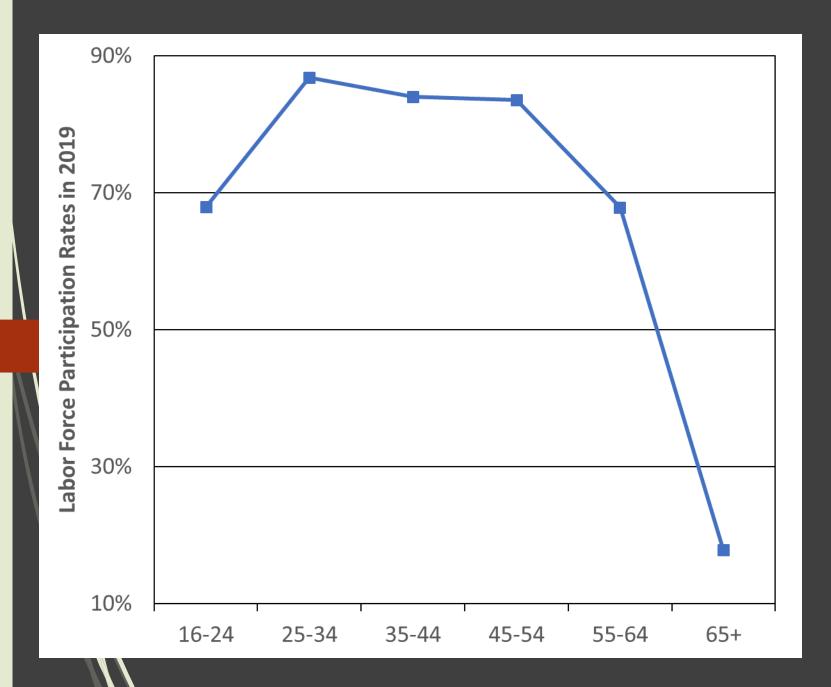
Maine and the nation had a prolonged period of rising labor force participation from the 1960s to around 2000. During the early part of this time period, the labor force participation rate of women increased substantially. About 68 percent of the population age 16 and over was in the labor force two decades ago. Since then, participation has declined to around 62 percent today.

Labor Force Participation in 2019

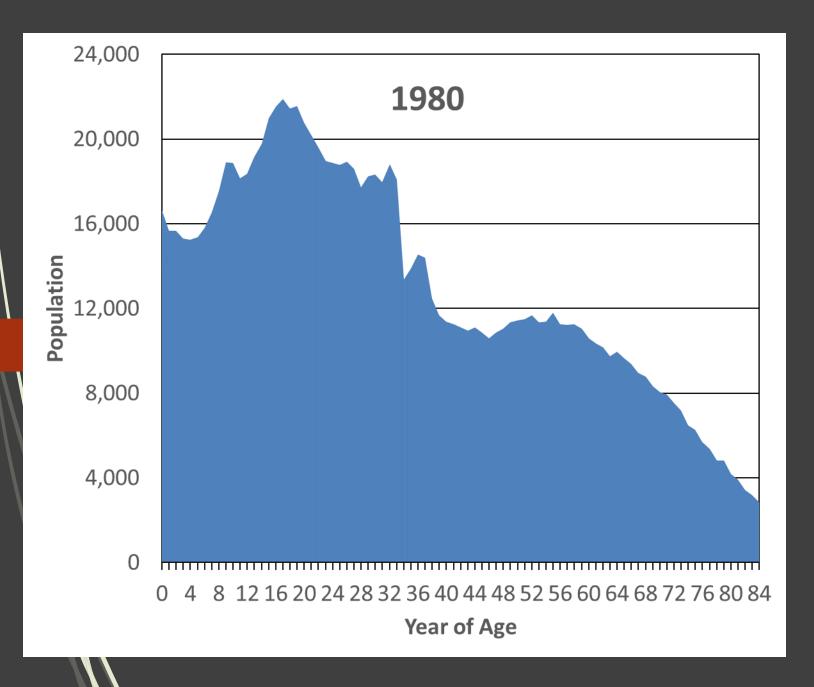
Population	1,344,000	
Institutionalized or Not Civilian Population	20,000	Cannot
Kids Under Age 16	216,000	Participate in the Labor Force
Civilian Non-Institutionalized Population Age 16+	1,108,000	100%
Civilian Labor Force	689,000	62%
Employed	668,000	60%
Unemployed	21,000	
Unemployment Rate		3.0%
Not in the Labor Force	419,000	38%
Age 65+	233,000	21%
Age 16 to 24 (Most in School)	47,000	4%
Age 25 to 64	139,000	13%
With a Disability, Not Working	61,900	6%
With a Disability That Prevents Them From Working	Unknown*	Unknown
Age 25 to 64 Enrolled in College or Graduate School	31,600*	Unknown
Total age 25 to 64 who are not in the labor force, not in	Likely less	Likely less
school, and do not have a disability that prevents them from working.	than 50,000	than 5%

^{*}It is not clear how many adults enrolled in college or graduate school are or are not in the labor force. It is not clear how many of those with a disability who are not working are prevented from working by their condition.

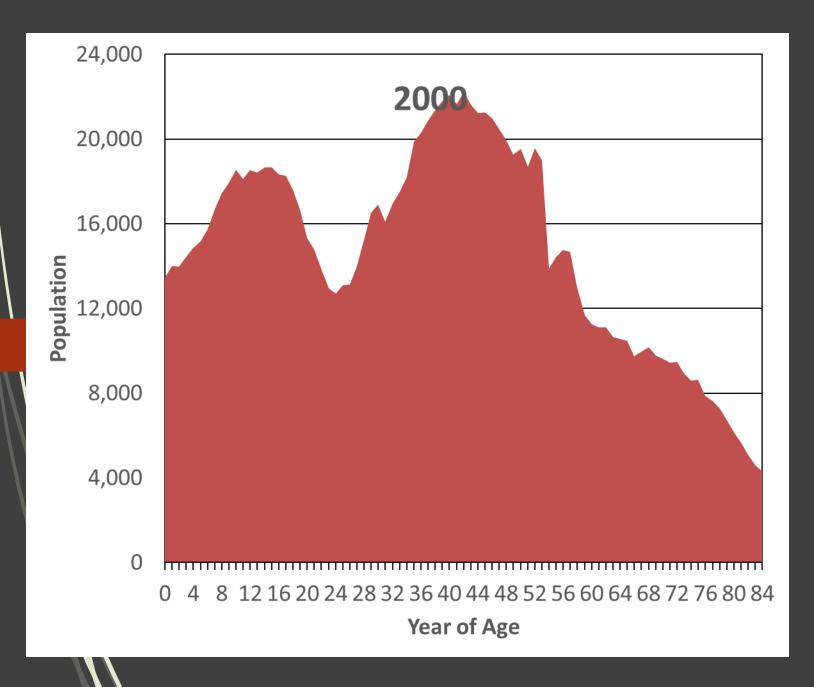
Nearly half the population in Maine was not in the labor force in 2019. Many were children under age 16. Of the population age 16 and over, 62 percent were in the labor force and 38 percent were not. Of those not in the labor force, most were retired people age 65 and over; others were age 16 to 24, in high school or college. Among the 139,000 age 25 to 64 who were not in the labor force, some had a disability or other barriers to employment, some were in college or graduate school, and some were taking time out of the labor force to care for children or other family members.



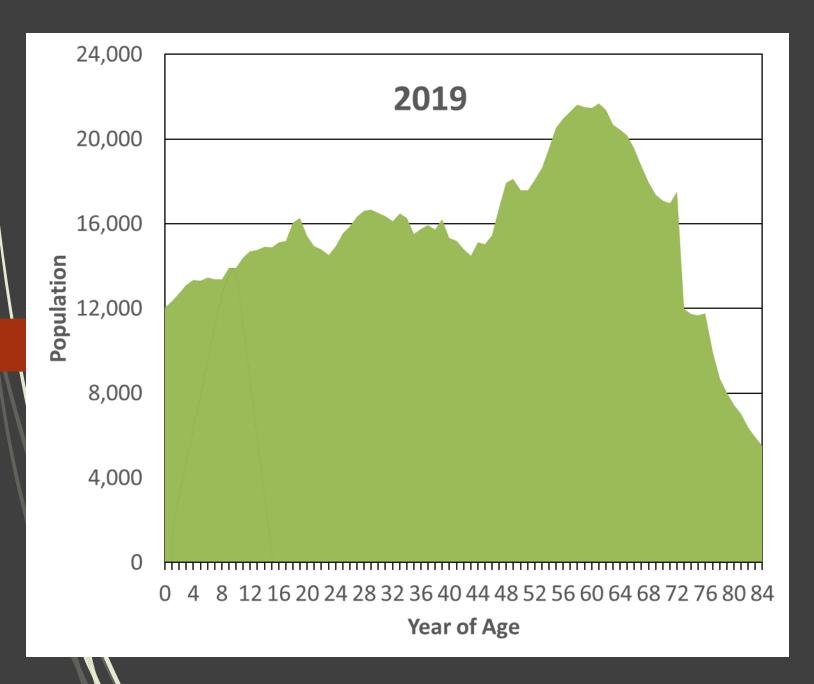
Labor force participation varies with age. Nearly 85 percent of the population age 25 to 54 was in the labor force in 2019 (working or engaged in work search). Participation was lower for teens and young adults, primarily due to schooling, and for those age 65 and over, most of whom were retired. This pattern has been consistent through the years.



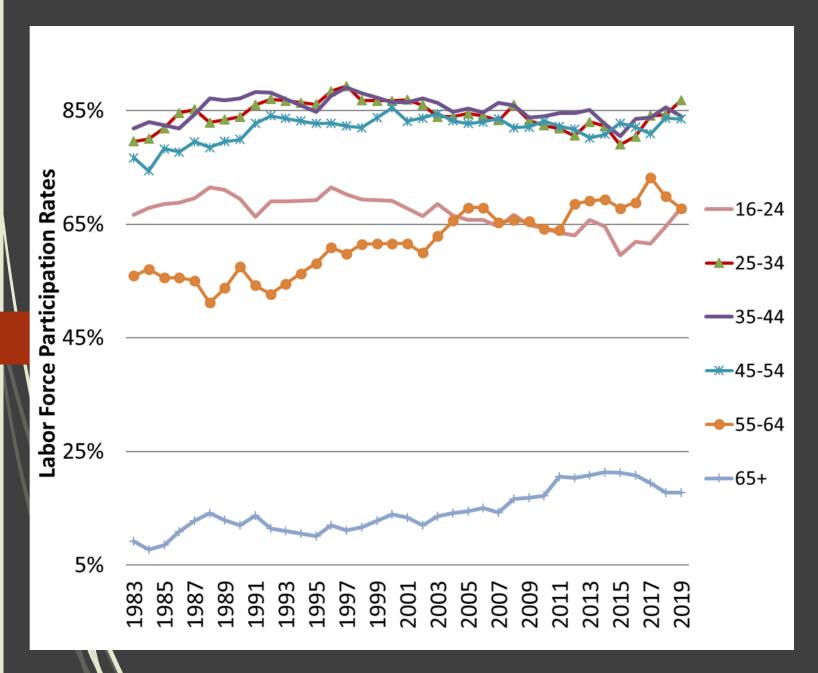
The 1970s and 1980s rise in participation occurred primarily because most of the large baby boom generation reached working-age and because a higher share of baby boom women were in the labor force than in previous generations.



Participation peaked around 2000 because baby boomers were mostly in their 30s and 40s, the age of the highest connection to the workforce.



The decrease in participation since 2000 occurred because the share of population in their high labor force participation years was lower.

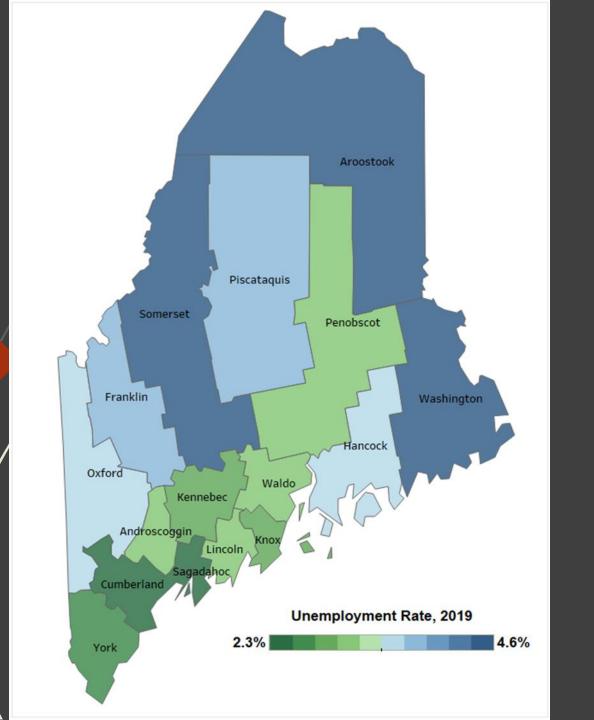


Participation in the labor force of people under age 25 has declined modestly, primarily due to a higher share of them enrolled in high school or college, or preparing for college. Participation of prime-age workers 25 to 54 has not changed significantly and is near 85 percent. Participation of people age 55 to 64 and 65+ has been gradually rising.

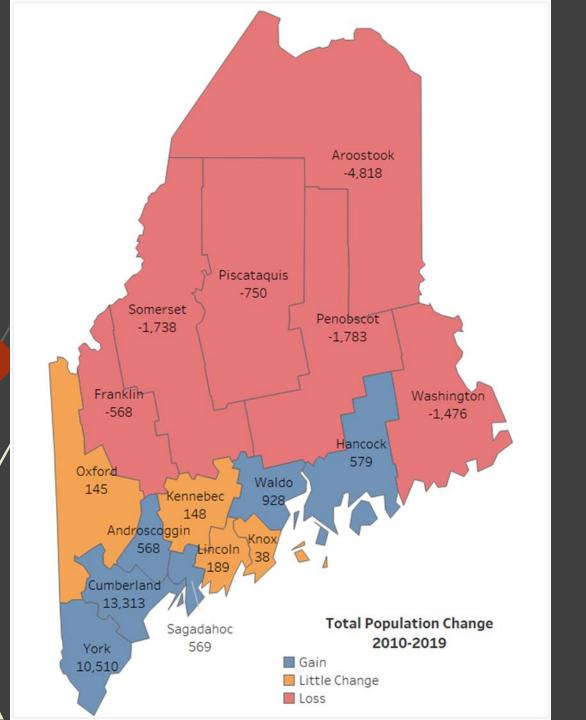
If the age structure of the population were the same today as in 2000, the overall participation rate would be nearly the same. Because the baby boom generation is so large, the advancing age of its members will continue to drive the overall participation rate down as more people will be retired.

Around the state

In 2019, labor market conditions were uneven across the state. Though unemployment was lower than usual in all parts of the state, some areas are losing population and jobs. Growth is concentrated in the south, especially in York and Cumberland counties.



Unemployment is low throughout the state, but highest along the northern rim and lowest along the south coast. This pattern has held for several decades. Forest products and agriculture long formed the economic base in much of the northern part of the state. Mechanization of timber and crop harvesting, closure of saw and paper mills, and other events disrupted the economy of the region. The southern part of the state, with higher population density, has faced similar disruptions in other industries, but greater economic diversity has generally made for less dramatic impacts.

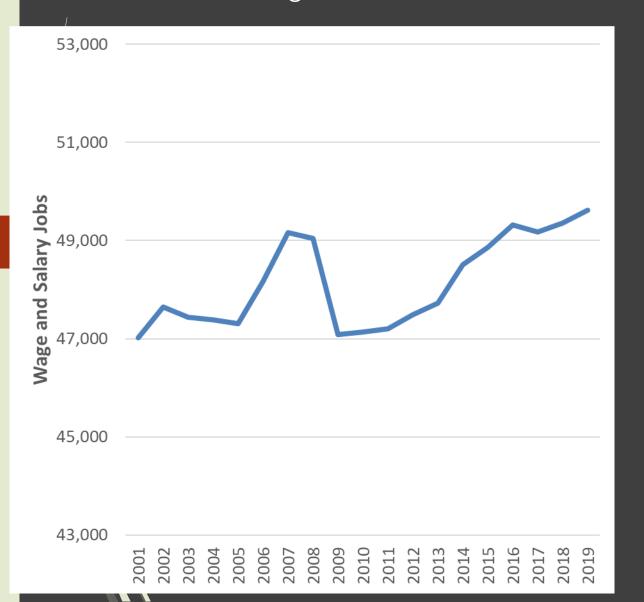


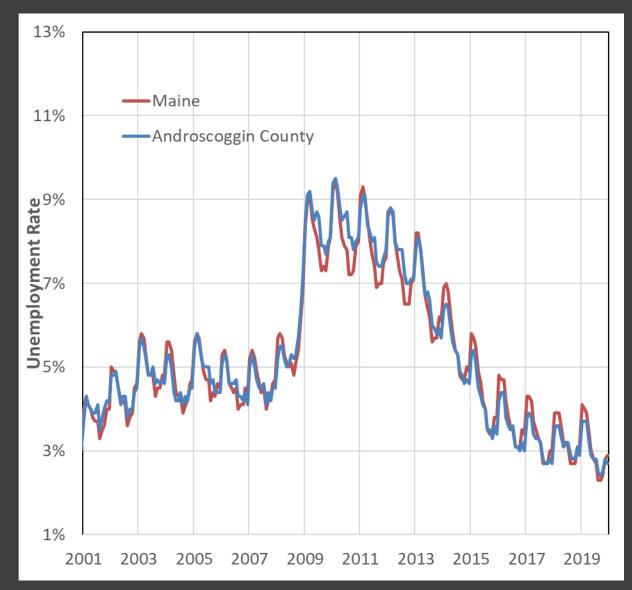
The northern region of the state has lost population since 2010 (and for many more years before that in several counties). Labor market disruptions significantly reduced labor demand.

There has been little change in the population in the central region.

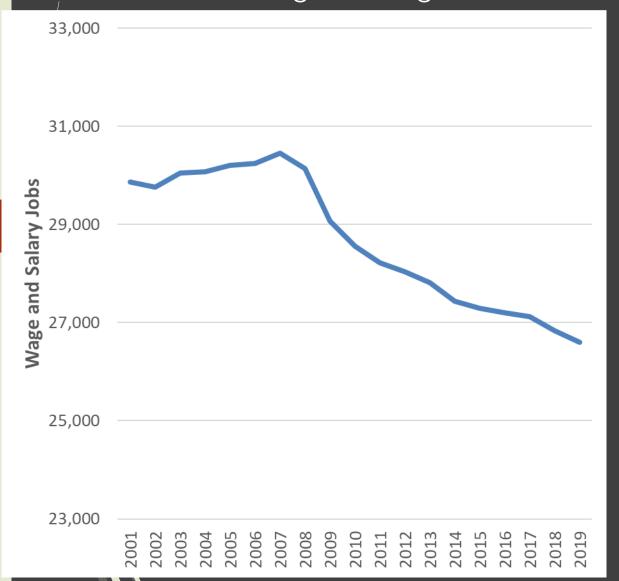
Growth has been concentrated in the more diverse coastal region, especially farthest south in York and Cumberland counties.

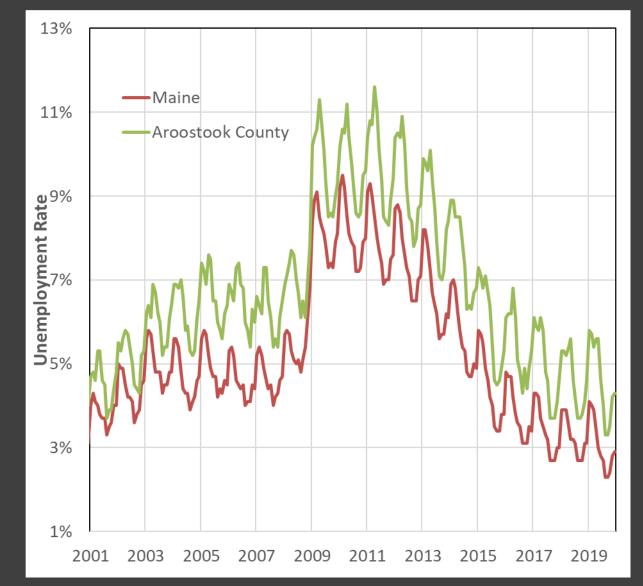
<u>Androscoggin County</u> - The number of jobs has recovered to slightly above the level before the last recession a decade ago. The unemployment rate is extremely low and has remained close to the statewide average. The area has somewhat less seasonality than the state as a whole.



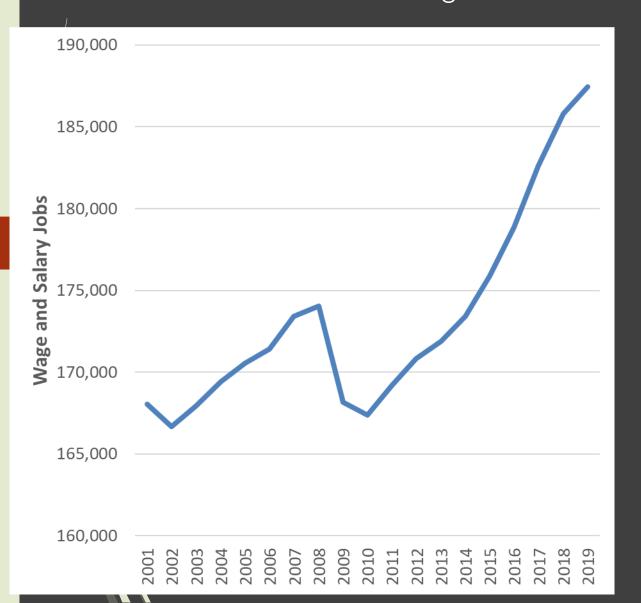


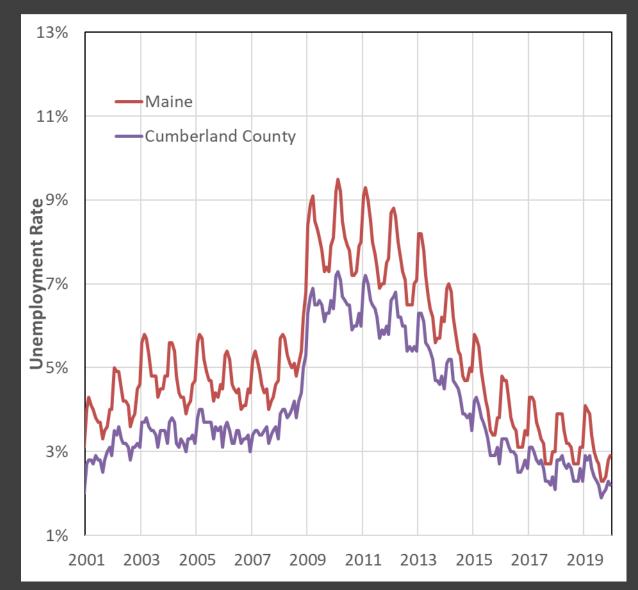
<u>Aroostook County</u> - The number of jobs has continued to trend lower during the statewide economic expansion of the last decade. The jobs decline is partly the result of, and partly the cause of, the declining population. The unemployment rate has consistently been higher than the statewide average with higher seasonal variation.



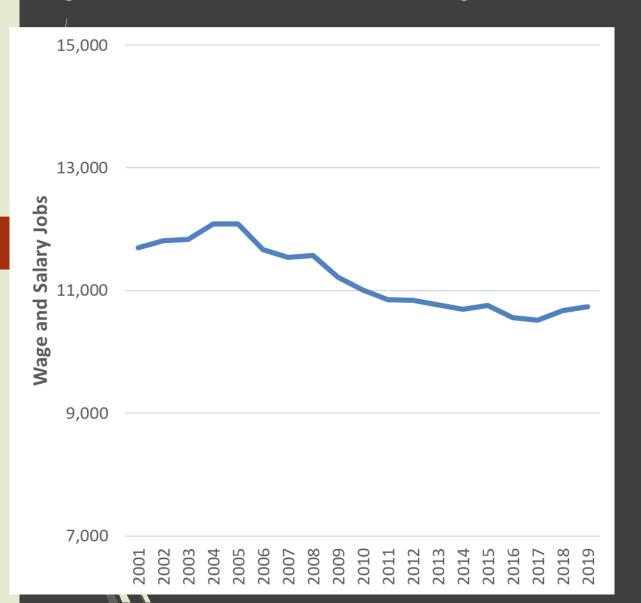


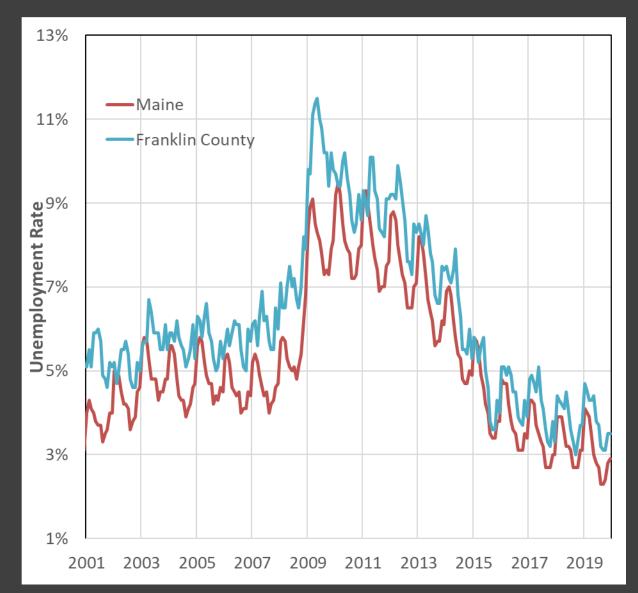
<u>Cumberland County</u> - The number of jobs continues to reach new highs. The unemployment rate has consistently been among the lowest with the lowest seasonal variation in the state. The economic base is diverse, with higher concentrations of growing industries than most counties.



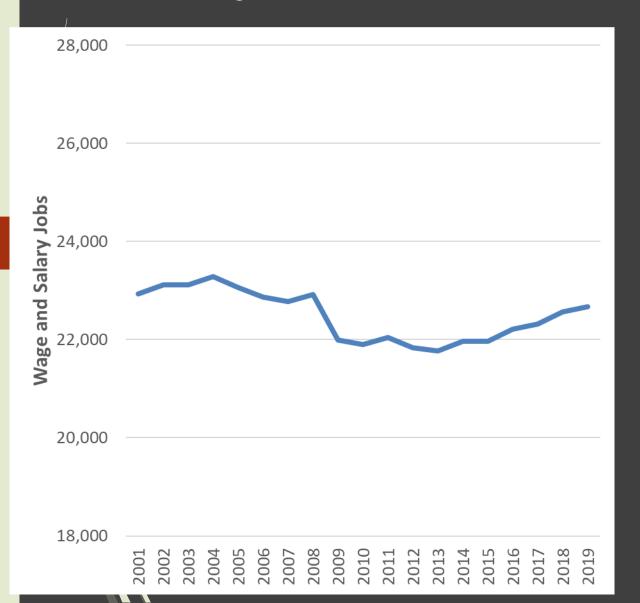


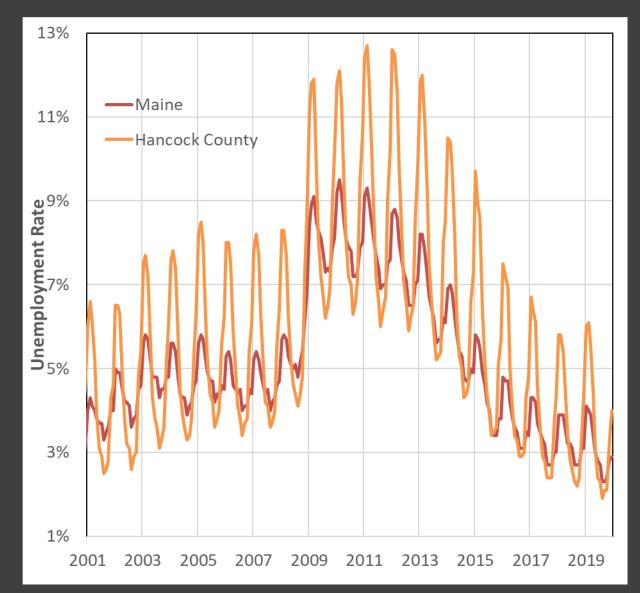
<u>Franklin County</u> - The number of jobs gradually declined in the early 2000s and has been relatively unchanged over the last five years. The unemployment rate has consistently been higher than the statewide average with similar rates of seasonality.



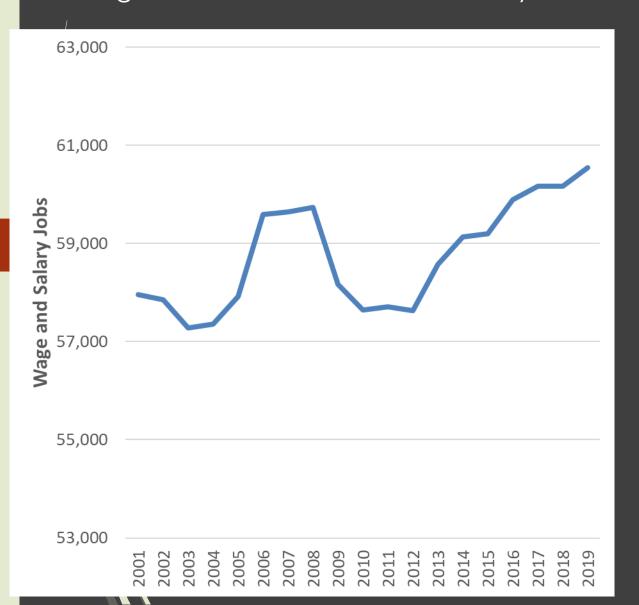


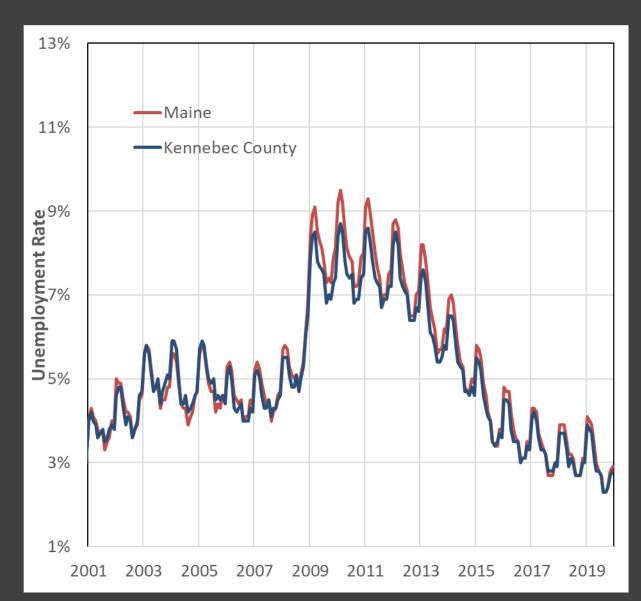
Hancock County - The number of jobs has increased since 2013, but remains modestly lower than a decade ago. The economic base is primarily related to summer tourism. The area has some of the largest seasonal variations in unemployment in the nation.



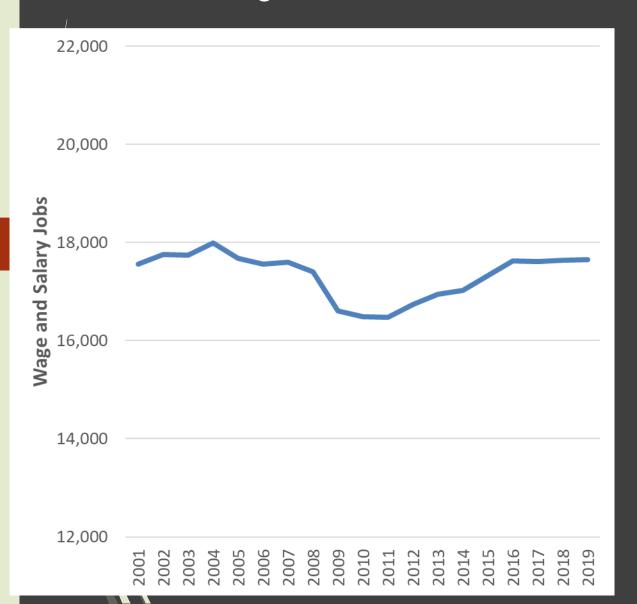


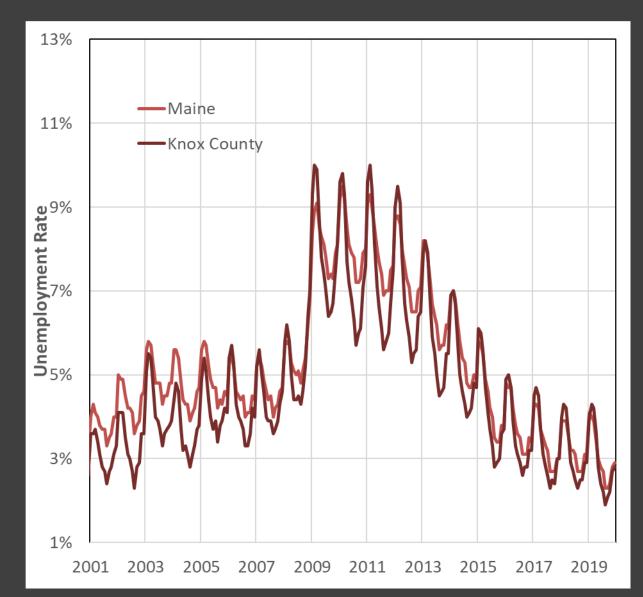
Kennebec County - The number of jobs has steadily increased since 2012, reaching new highs each of the last four years. Unemployment has remained close to the statewide average as has the rate of seasonality.



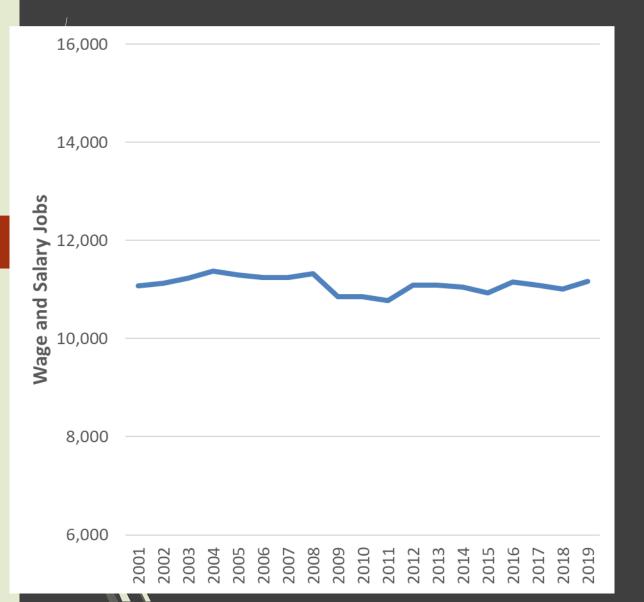


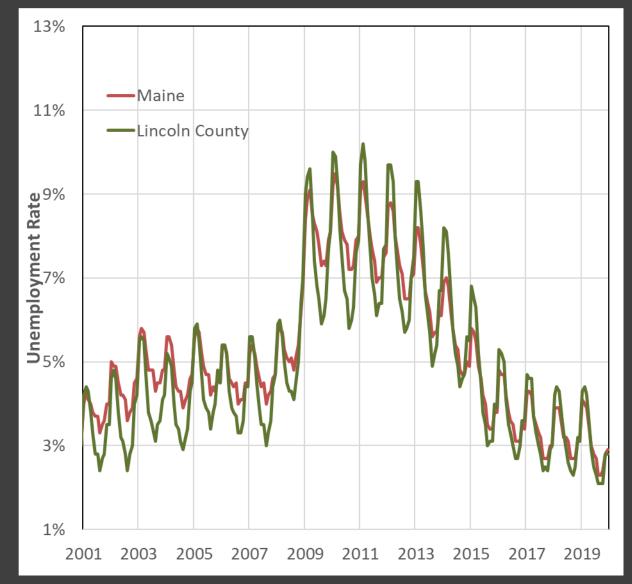
Knox County - The number of jobs has modestly increased since 2011 to about the level of two decades ago. The economic base is primarily related to summer tourism, which contributes to large seasonal variations in unemployment.



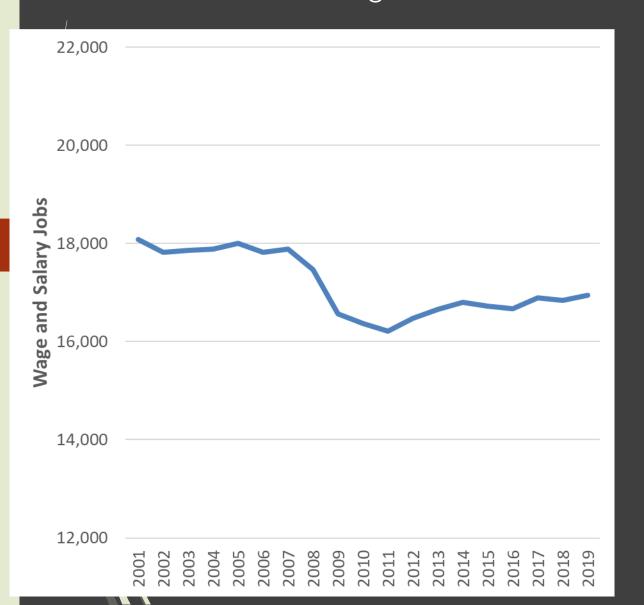


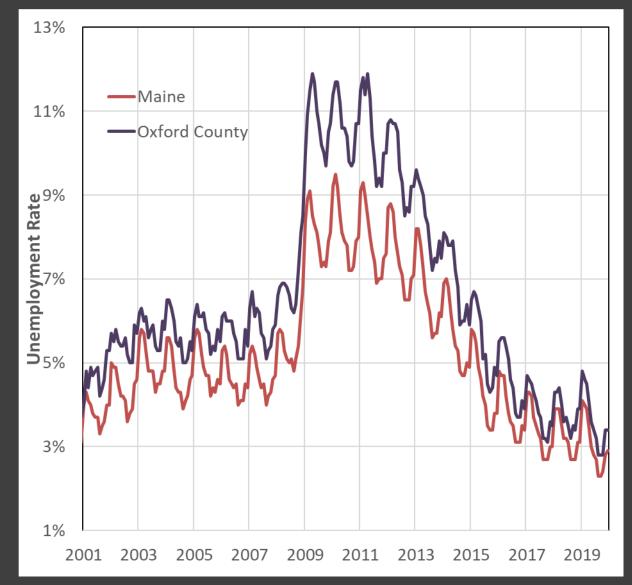
<u>Lincoln County</u> - The number of jobs has been nearly unchanged in the 2000s. The economic base has become somewhat less concentrated in summer tourism than other mid-coast counties, which has contributed to a decrease in the rate of seasonal variation in unemployment.



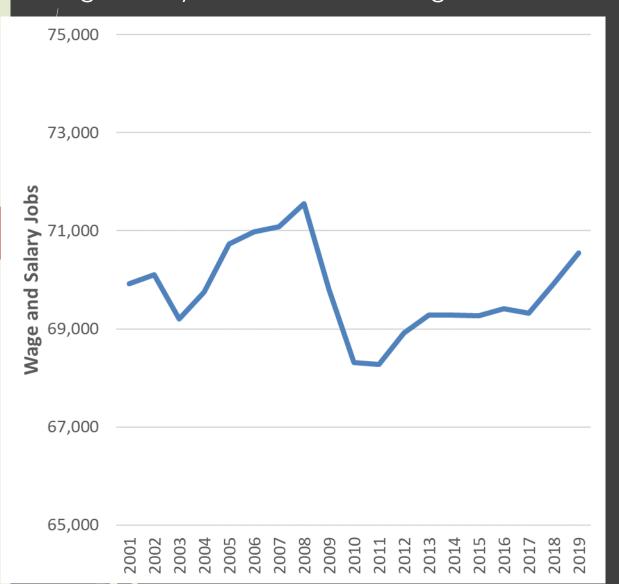


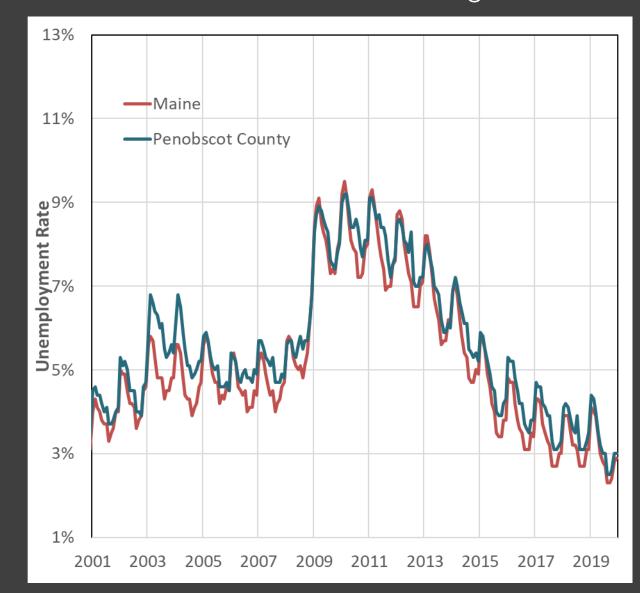
Oxford County - The number of jobs has not changed significantly in the last five years and is modestly down from the early 2000s. Unemployment rates have consistently been higher than the statewide average with more seasonal variation.



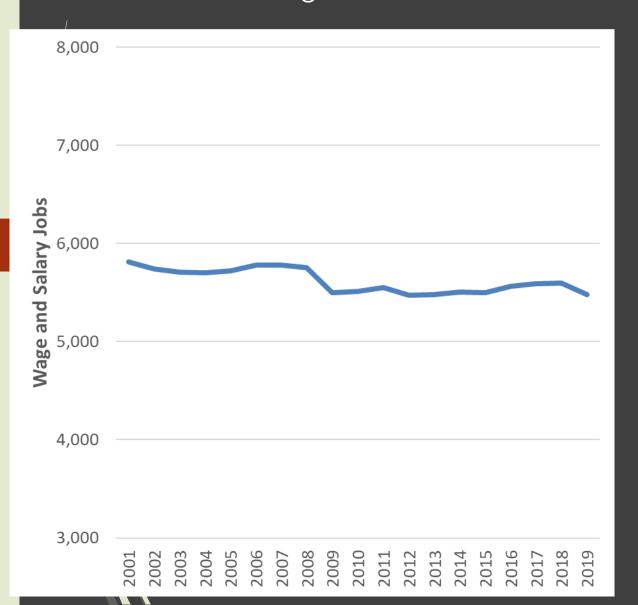


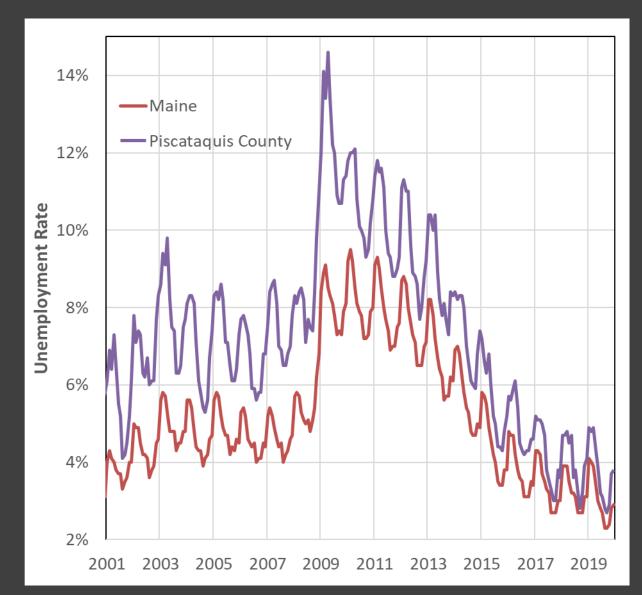
<u>Penobscot County</u> - The number of jobs modestly increased over the last two years, but is down from a 2007 peak due to paper mill closures in the north. Labor market conditions have improved in the southern part of the county near Bangor where the economy is more diverse. Unemployment has generally been somewhat higher with less seasonal variation than statewide averages.



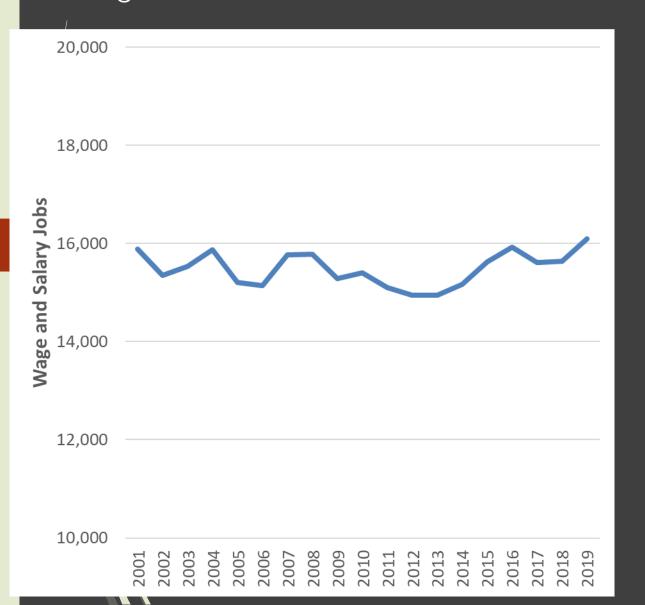


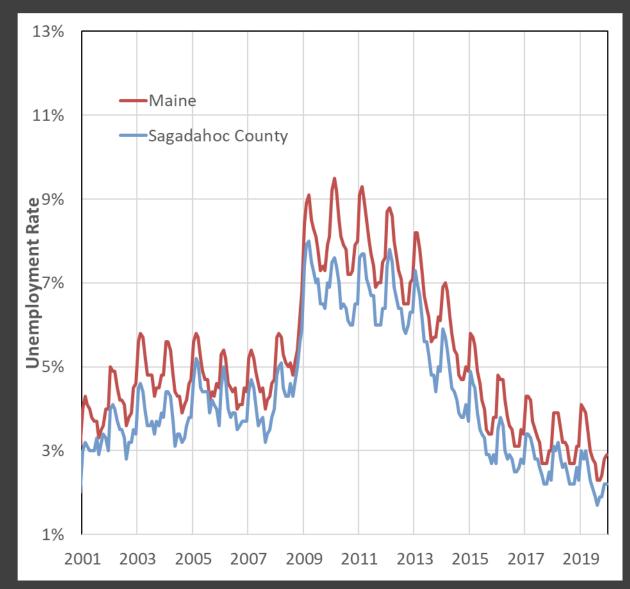
<u>Piscataquis County</u> - The number of jobs in the state's least populous county has not changed much in the last decade. Unemployment rates have consistently been higher than the statewide average with more seasonal variation.



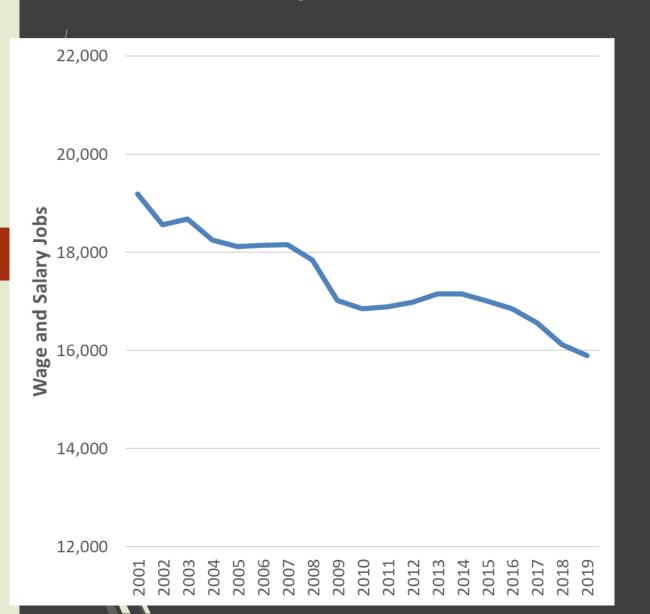


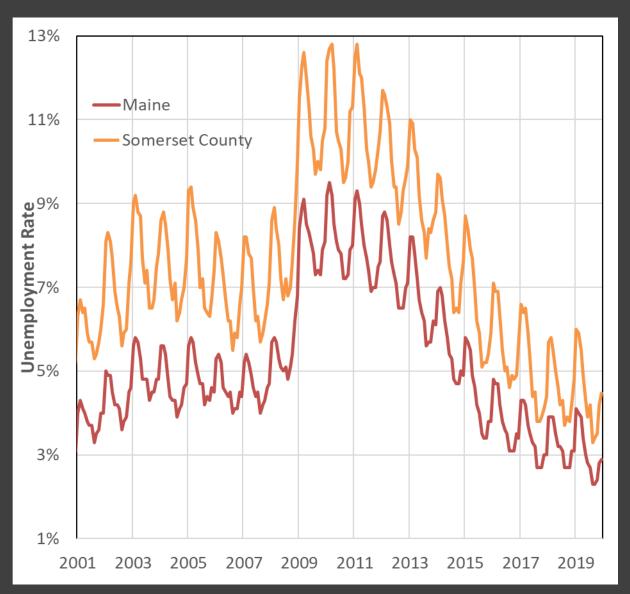
<u>Sagadahoc County</u> - The number of jobs has increased modestly over the last seven years and is close to the level from the early 2000s. Unemployment rates have consistently been among the lowest in the state with less seasonal variation.



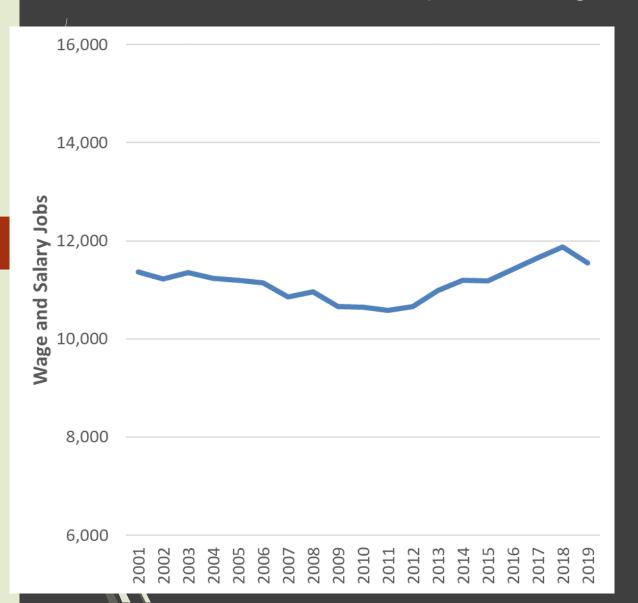


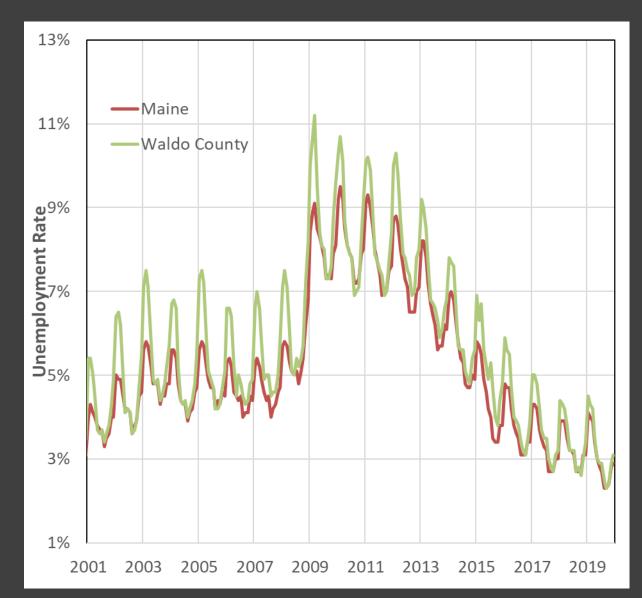
Somerset County - The number of jobs has declined in the 2000s. Unemployment rates have consistently been higher than the statewide average with more seasonal variation.



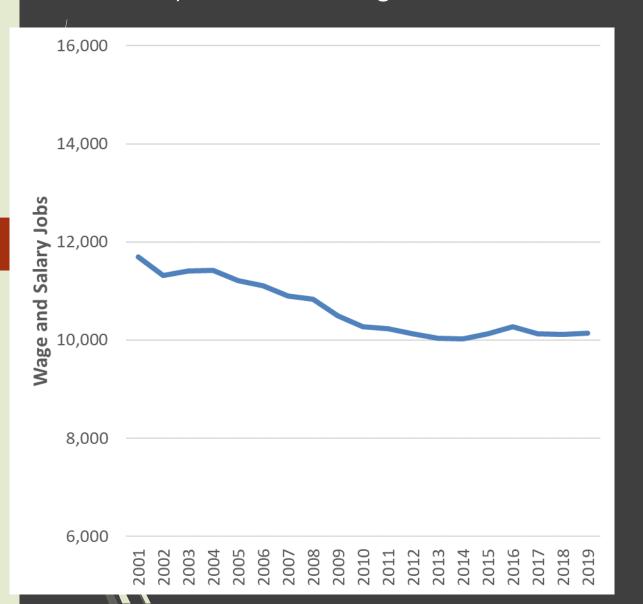


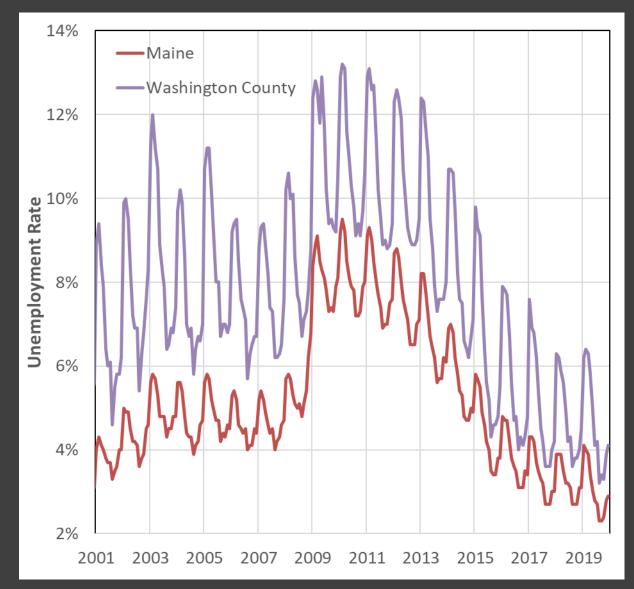
<u>Waldo County</u> - The number of jobs is up modestly from 2011, but hasn't changed significantly in the 2000s. Unemployment rates have been close to statewide averages and seasonal variation has declined recently after being much higher for many years.



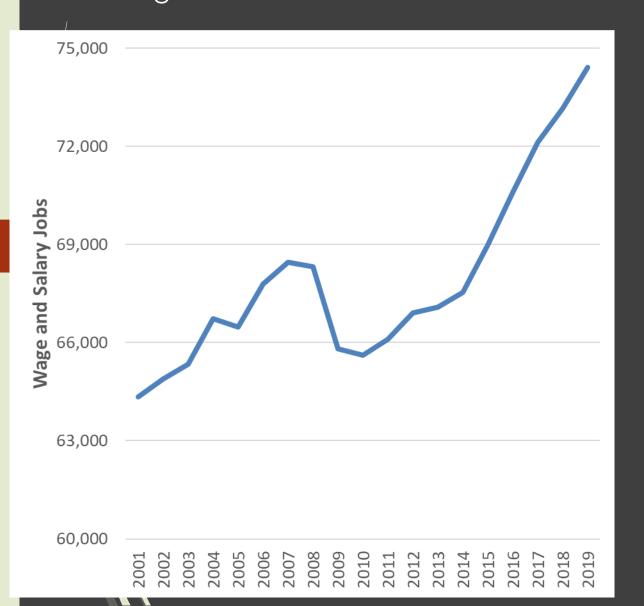


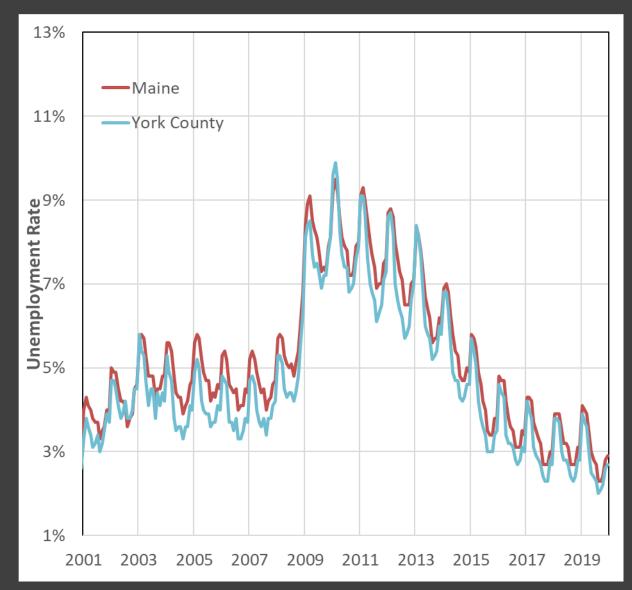
<u>Washington County</u> - The number of jobs has been relatively unchanged in the last five years after gradually declining in the first decade of the 2000s. Unemployment rates have consistently been much higher than statewide averages with large seasonal variation.

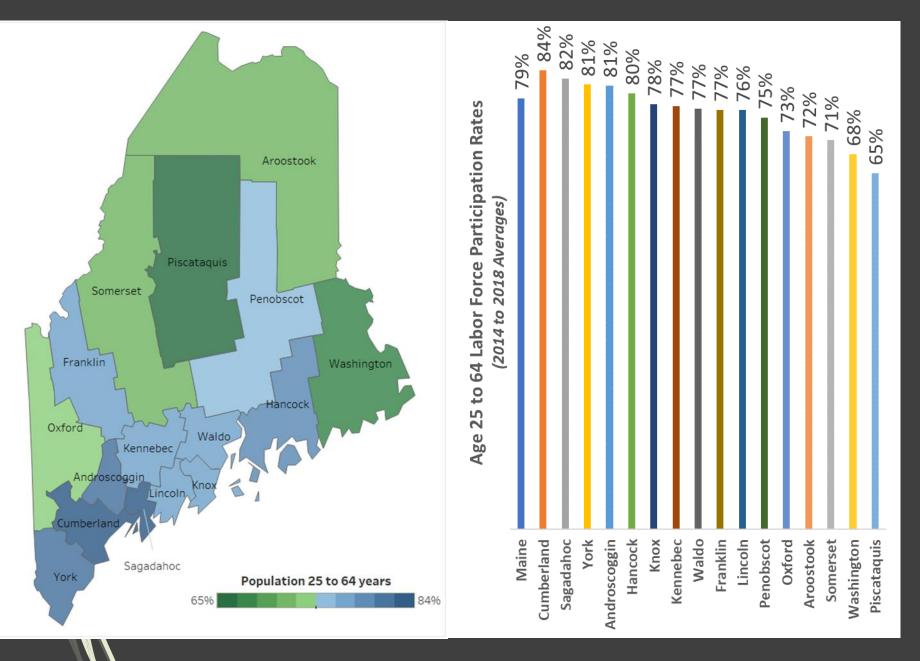




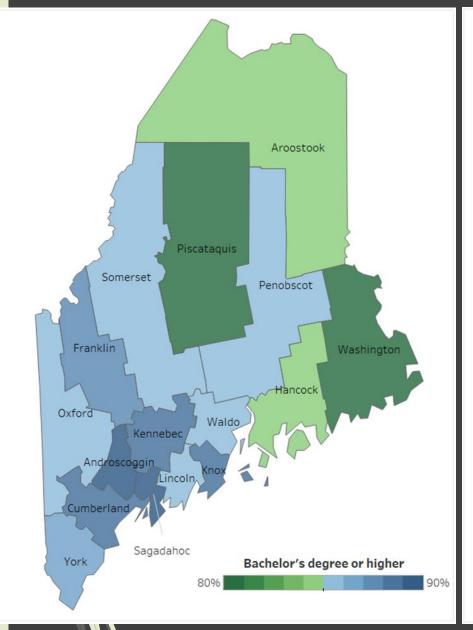
York County - The number of jobs continues to reach new highs. The unemployment rate has consistently been among the lowest in the state, though there is significant seasonal variation due to high levels of summer tourism in some coastal towns.

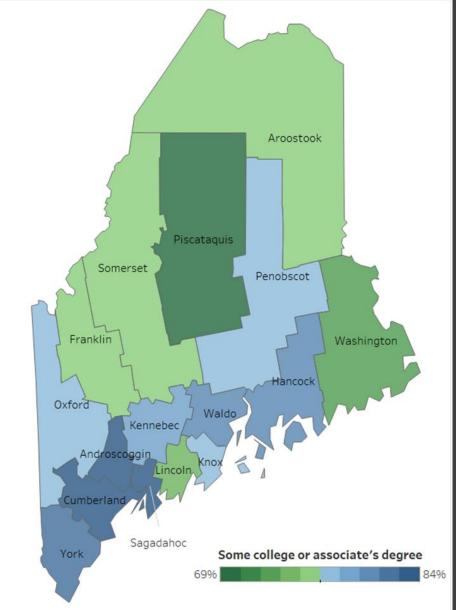






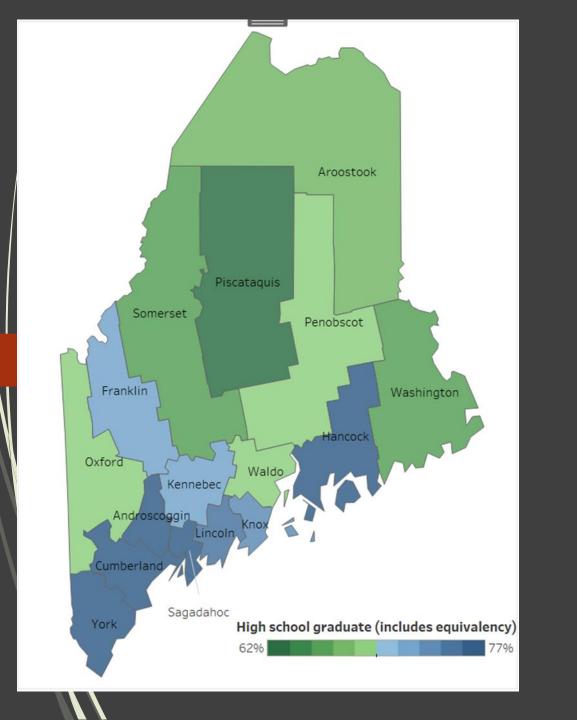
Labor force participation is strongly related to opportunity. Among those age 25 to 64, participation is highest in the southernmost counties, where population and job growth is strongest and unemployment is lowest. Participation is lowest in the northern rim of the state, where the population has been declining and labor market opportunities are fewer.

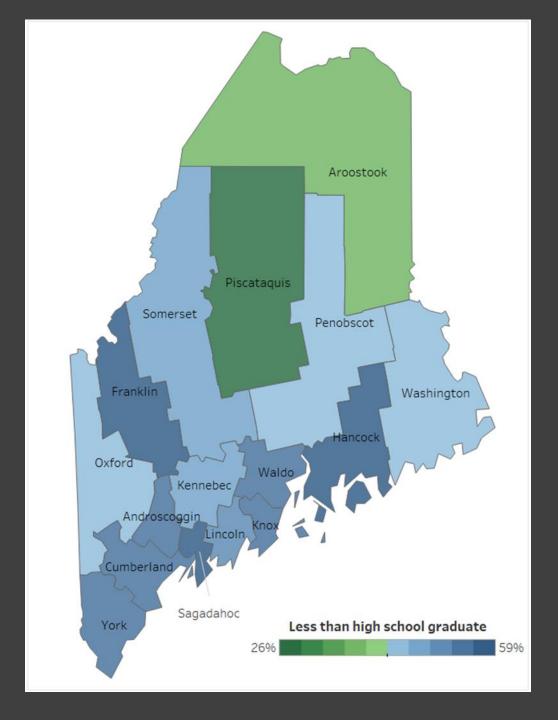




Labor force participation is highest among those with the most educational attainment, and it is highest in parts of the state where economic opportunity is highest.

In the south, where conditions are strongest, participation is higher at each level of education than in the north, where conditions are not as strong.

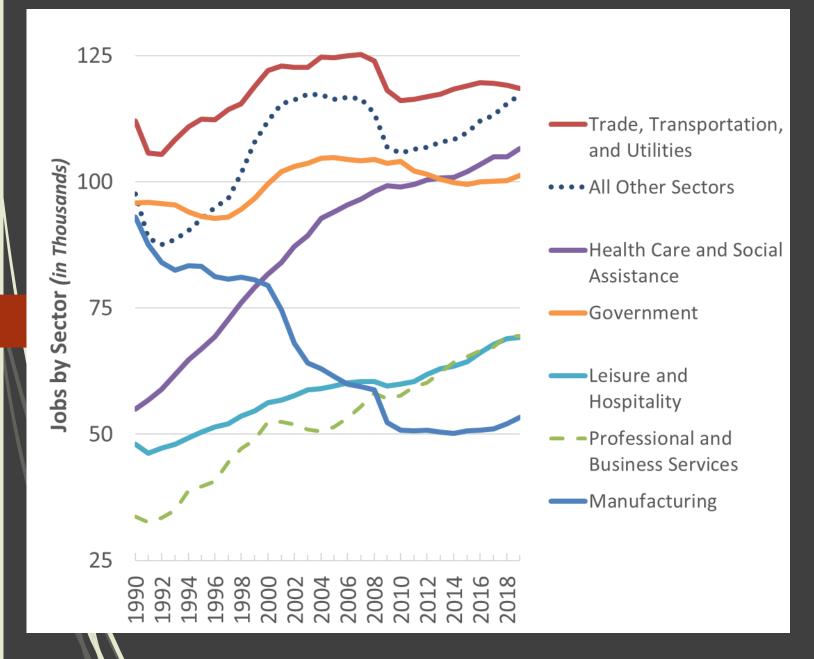




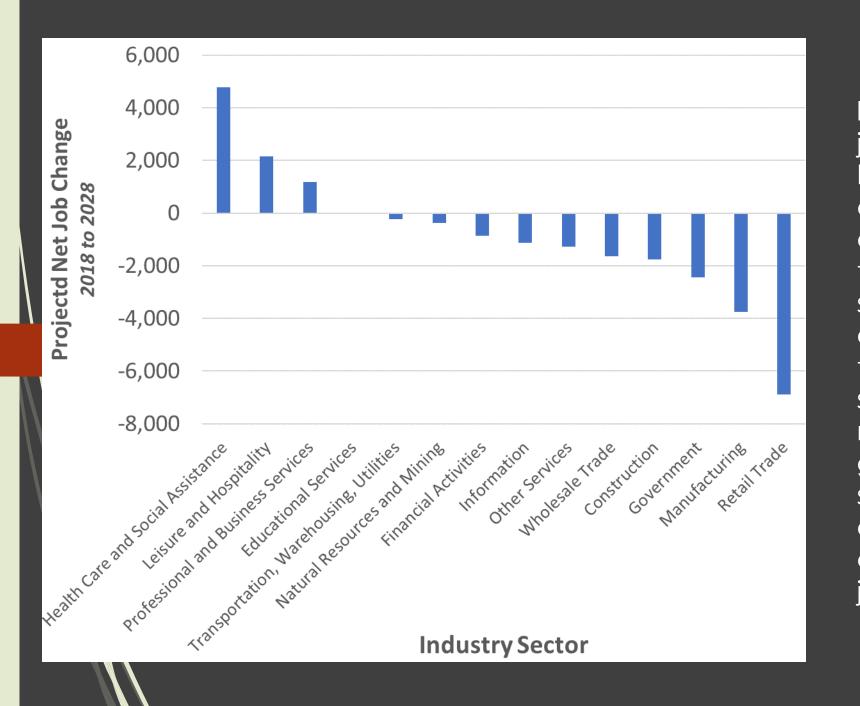
Shifting job structure

Maine's labor market is constantly changing. Demand for products and services shifts. Companies flourish or fail. Innovations create new product segments and new fields of work and make others obsolete. Technology adds to what is possible, sometimes enhancing and other times replacing human labor.

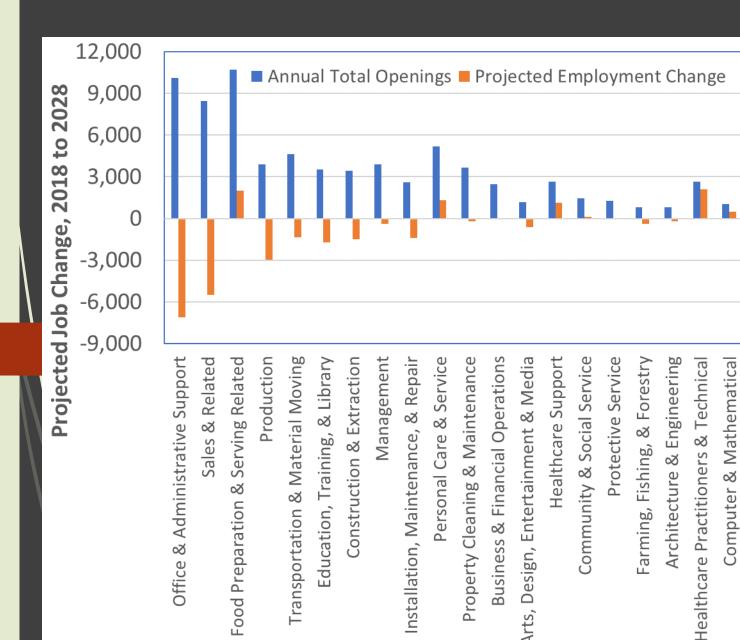
Jobs today are very different than they were a generation ago. A range of factors caused the number of jobs to rise or decline across a broad spectrum of industries. The most certain thing about the labor market of the future is that it will be different than it is today.



Over the last three decades, the industry structure of jobs changed significantly. The most prominent trends were the near doubling of jobs in the healthcare and social assistance and the professional and business services sectors, as well as the sharp decline in manufacturing jobs. The types of jobs in sectors that are growing have different education, skill, and performance requirements than the types of jobs in sectors that are declining.



In the decade through 2028, job trends are expected to be similar to the last three decades. The healthcare and social assistance and the professional and business services sectors are expected to continue to be the major job creating sectors, while retail, manufacturing, and government continue to shed jobs. Most sectors are expected to have little net change in the number of jobs.

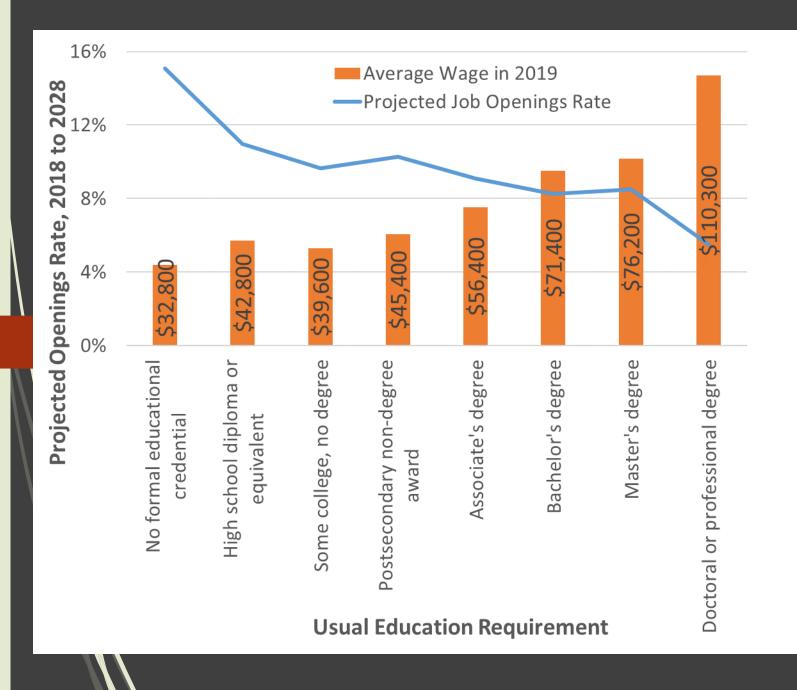


The changes in jobs by industry and changes in technology and other work practices will cause the number of jobs to rise in some occupations and decline in others. Though the number of jobs in some occupations is expected to decline, there will be job openings in nearly every occupation to replace people who retire or change their field of work.

Legal

Social Science

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Job openings rates are expected to be highest in occupations with limited educational requirements that offer relatively low pay. This is because turnover rates in those occupations are highest as many incumbents are young people who eventually move up the education and earnings ladder. Openings rates are lowest in occupations with the highest educational requirements and earnings.

Funding and legal

This publication was funded by the Workforce Information Grant awarded by the U.S Department of Labor, Employment and Training Administration to the Maine Department of Labor, Center for Workforce Research, which authored it. It does not necessarily reflect the position of the U.S. Department of Labor, which makes no warranties, or assurances of any kind, express or implied, with respect to such information, including on linked sites, but not limited to accuracy, completeness, timeliness, usefulness, adequacy, continued availability, or ownership. This product is copyrighted by the Maine Department of Labor. Internal use by an organization and/or personal use by an individual for non-commercial purposes is permissible. All other uses require the prior authorization of the copyright owner.



Published October 2020 by

Maine Department of Labor

Center for Workforce Research & Information

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Augusta, Maine 04330

www.maine.gov/labor/cwri

207-623-7900